

Amendments to Senate Bill No. 354
3rd Reading Copy

Requested by Representative Andrea Olsen

For the House Natural Resources Committee

Prepared by Joe Kolman
April 8, 2015 (12:42pm)

1. Page 1, line 14.

Strike: "SECTION 17-5-703"

Insert: "SECTIONS 15-35-103 AND 15-35-108"

Strike: "AN"

Strike: "DATE"

Insert: "DATES"

2. Page 2, line 13.

Strike: "17-5-703"

Insert: "15-35-108"

3. Page 3, line 24 through page 6, line 15.

Strike: section 6 in its entirety

Insert: "Section 6. Section 15-35-103, MCA, is amended to read:

"**15-35-103. Severance tax -- rates imposed.** (1) A severance tax is imposed on each ton of coal produced in the state in accordance with the following schedule:

Heating quality	Surface	Auger	Underground
(Btu per pound of coal):	Mining	Mining	Mining
Under 7,000	10% <u>13%</u> of value	3.75% <u>6.75%</u> of value	3% <u>6%</u> of value
7,000 and over	15% <u>18%</u> of value	5% <u>8%</u> of value	4% <u>7%</u> of value

(2) "Value" means the contract sales price.

(3) A person is not liable for any severance tax upon 50,000 tons of the coal that the person produces in a calendar year, except that if more than 50,000 tons of coal are produced in a calendar year, the producer is liable for severance tax upon all coal produced in excess of the first 20,000 tons.

(4) The reduced tax rate on coal produced by auger mining applies only to coal recovered from a mining operation that would otherwise be uneconomical to recover by conventional strip-mining methods as specified in the coal conservation plan submitted to and approved by the department of environmental quality under the provisions of Title 82, chapter 4, part 2."

{Internal References to 15-35-103: None.}"

Insert: "Section 7. Section 15-35-108, MCA, is amended to read:

"**15-35-108. (Temporary) Disposal of severance taxes.**

Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

(1) Fifty percent of total coal severance tax collections

is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 5.8% through September 30, 2013, and beginning October 1, 2013, the amount of 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

(8) The amount of 5.2% must be allocated to the build Montana fund established in [section 3].

~~(8)~~ (9) After the allocations are made under subsections (2) through ~~(7)~~ (8), \$250,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

~~(9)~~ ~~(a)~~ (10) (a) Subject to subsection ~~(9)~~ (b) ~~(10)~~ (b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state and is statutorily appropriated, as provided in 17-7-502, on July 1 each year to the trust fund for the public employees' retirement system defined benefit plan established pursuant to 19-3-103.

(b) The interest income of the coal severance tax permanent fund that is deposited in the general fund is statutorily

appropriated, as provided in 17-7-502, on July 1 each year as follows:

- (i) \$65,000 to the cooperative development center;
- (ii) \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;
- (iii) \$1.275 million to the research and commercialization state special revenue account created in 90-3-1002;
- (iv) to the department of commerce:
 - (A) \$125,000 for a small business development center;
 - (B) \$50,000 for a small business innovative research program;
- (C) \$425,000 for certified regional development corporations;
- (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and
- (E) \$300,000 for export trade enhancement; and
- (v) except as provided in subsection ~~(9)(c)~~ (10)(c), up to \$21 million to the public employees' retirement system defined benefit plan trust fund.

(c) If the legislative finance committee determines that the public employees' retirement board has failed to provide a sufficient report pursuant to 19-3-117, it shall recommend that \$5 million be subtracted from the amount allocated in subsection ~~(9)(b)(v)~~ (10)(b)(v) subject to legislative approval. (Terminates June 30, 2019--secs. 2, 3, Ch. 459, L. 2009.)

15-35-108. (Effective July 1, 2019) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

- (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.
- (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.
- (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.
- (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized

gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 2.9% must be credited to the coal natural resource account established in 90-6-1001(2).

(8) The amount of 5.2% must be allocated to the build Montana fund established in [section 3].

~~(8)~~(9) After the allocations are made under subsections (2) through ~~(7)~~(8), \$250,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

~~(9)~~~~(a)~~ (10)(a) Subject to subsection ~~(9)~~~~(b)~~ (10)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state and is statutorily appropriated, as provided in 17-7-502, on July 1 each year to the trust fund for the public employees' retirement system defined benefit plan pursuant to 19-3-103.

(b) Except as provided in subsection ~~(9)~~~~(c)~~ (10)(c), up to \$24 million of the interest income from the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on July 1 each year to the public employees' retirement system defined benefit plan trust fund.

(c) If the legislative finance committee determines that the public employees' retirement board has failed to provide a sufficient report pursuant to 19-3-117, it shall recommend that \$5 million be subtracted from the amount allocated in subsection ~~(9)~~~~(b)~~ (10)(b) subject to legislative approval."

{ Internal References to 15-35-108:

2-17-805 x	17-7-205 x	17-7-502 x	17-7-502 x
22-2-301 x	22-2-304x	22-2-321x	23-1-108 x
76-15-530 x	82-4-244x	90-6-1001x }	

Renumber: subsequent sections

4. Page 6, line 20.

Strike: "If [LC280]"

Insert: "(1) Except as provided in subsection (2), if Senate Bill No. 353"

5. Page 6, line 22.

Following: line 21

Insert: "(2) If [this act] is passed and approved and contains

amendments to 15-35-103 that increase the coal severance tax and contains amendments to 15-35-108 directing money to the build Montana fund pursuant to [section 3], then Senate Bill No. 353 is void."

6. Page 6, line 23.

Strike: "date"

Insert: "dates"

Strike: "[This act]"

Insert: "(1) Except as provided in subsection (2), [this act]"

7. Page 6, line 24.

Strike: "[LC280]"

Insert: "Senate Bill No. 353"

8. Page 6, line 25.

Following: line 24

Insert: "(2) If Senate Bill No. 353 is void, [this act] is effective July 1, 2015."

- END -